UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL

GENERAL

UNESCO/SS/CONF.URB/2
E/CN.11/URB/2
28 June 1956

ORIGINAL : ENGLISH

UNITED NATIONS EDUCATIONAL,
SCIENTIFIC AND CULTURAL ORGANIZATION

JOINT UN/UNESCO SEMINAR ON URBANIZATION IN THE ECAFE REGION

Jointly sponsored by the United Nations Educational, Scientific and Cultural Organization, the United Nations Bureau of Social Affairs and the Secretariat of the United Nations Economic Commission for Asia and the Far East, in co-operation with the International Labour Office

8-18 August 1956
Bangkok, Thailand

ECONOMIC CAUSES AND IMPLICATIONS OF URBANIZATION IN THE RECENT EXPERIENCE OF COUNTRIES IN ASIA AND THE FAR EAST

Prepared by the ECAFE Secretariat

Contents

	Page
Summary	2
Concepts of Urbanization	4
Level and Growth of Urbanization in ECAFE Region in Relation to Level of Economic Development	7
Types and size of urban units and economic factors making for their growth	15
Economic implications of urbanization for occupational structure and mobility	20
Impact of urbanization on income, levels of living, savings and capital formation	26
Conclusions	34-41

Summary

Urbanization has multifarious aspects and accordingly there has been a multiplicity of definitions employed in demarcating urban from rural areas. These reveal in Asia as in other parts of the world essential demographic, economic and social phenomena which are closely associated with urbanism.

In all parts of the world there has been generally a close correlation between urbanization, however defined, and a non-agricultural pattern of occupations of the working force. In Asian countries statistics on urbanization indicate that if judged from comparable periods in the history of developed countries the level of urbanization has relatively speaking moved ahead of the level of industrialization, defined as a movement away from employment in agriculture. Both economic causes (the "push" from over-crowded countryside and to a lesser extent the "pull" from urban centres) and non-economic causes (recently, wars and civil disturbances, political partition and refugee movements) have been responsible for the relative over-urbanization of Asia. This relative over-urbanization is reflected in the considerable unemployment, and marginal self-employment (retail trading, domestic service and other low productive occupations) in urban areas. Among the countries of the region, Japan, South Korea and Malaya have exhibited a comparatively high level of urbanization. Japan's high level of urbanization has been historically associated with its rapid industrialization. South Korea combines a relatively high degree of urbanization with an occupational structure still highly geared to agriculture and the recent refugee movements have only accentuated the problem of over-urbanization. The foreign trade economy of Malaya has implied a high level of tertiary activity and a correspondingly high level of urbanization. China and India, which can be considered as moderately urbanized, have in the recent period undergone a rapid growth of urbanism owing to economic and non-economic factors. Both countries are in the process of establishing a more rational and controlled pattern of urbanization by giving emphasis to the development of rural areas on the one hand and to the redistribution of industries on the other. Burma and Ceylon fall under the group of countries which are comparatively less urbanized.

/The pattern

The pattern of urban growth in several countries of Asia has been marked generally by the excessive concentration of the urban population in the bigger agglomerations, which have come to exert a dominating influence in the economy of the country. The concentration can be explained, by and large, by the fact that the commercialization of the peasant economies of Asia has proceeded from a few port towns linking vast raw material producing hinterlands with external markets in industrial countries. At the other extreme are numerous small towns and large villages which in a densely populated agrarian society serve as trading and distributing centres for the main agricultural products for the surrounding countryside. More recently, with the implementation of national development programmes there has been a growth of medium-size towns in the interior based on the growth of industry and transport. The growth of such centres has not necessarily eclipsed the fortunes of the older and bigger centres. Economies accruing to industries through the existence of such facilities as transport and other public utilities, availabilities of skilled labour, technical, financial and managerial services have been responsible for the continued attraction of the big cities for both large and small industries. However, there is an indication that there is already an overstraining of these urban overhead facilities in big cities.

In Asia as well as in other parts of the world, urbanization has been marked by a changed pattern of occupational structure especially a relative preponderance of tertiary activities. The preponderance of service industries does not in the context of Asian economies represent the evolution of these economies from a secondary to a tertiary basis, but signifies the growth of marginal employment and low productive service industries, especially retail trading and domestic services. The character of industries that exist in urban and rural areas is varied. Processing and manufacture is as much a rural occupation as an urban one; cottage and handicraft industries predominate in rural areas, while virtually all factory industries are concentrated in urban areas. Service industries are clearly more of an urban occupation than a rural one, both absolutely and relatively. The working force of urban areas is predominantly composed of employees, i.e. salary and wage earners; in contrast to the situation in the urban areas of advanced

/countries,

countries, own account workers or independent workers claim a considerable proportion of urban working force in Asian countries. Urbanization has therefore important consequences to economic status and economic mobility but in Asia the extent of such mobility has been conditioned by the rate of growth of the economy, which so far has been rather limited.

Available data does not permit a detailed comparison, in real terms, of urban income levels with rural ones. Generally the level of money income is higher in urban areas than in rural areas, and within urban areas it is higher in cities than in towns. Urbanization is also observed to induce significant changes in the consumption pattern of its population, a pattern oriented towards less essential items and imported goods. The high cost of living, the relatively high dependency burden and the constant attraction exerted by a variety of consumption goods and services have all combined to produce a relatively high propensity to consume and consequently a lower propensity to save in urban as against rural areas. This is, however, partly compensated by a greater degree of monetization and a higher level of development of pecuniary habits and institutions in the urban areas. The implications of urbanization for capital formation may be sometimes burdensome, as the development of urban overhead facilities, such as public utilities, housing and communal facilities, requires enormous investments. In addition, there are the capital costs incurred in the transfer of labour from urban to rural areas; for the most part, these costs can properly be regarded more as costs of industrialization inducing urbanization rather than of urbanization as such.

Concepts of Urbanization

In its most simple and demographic sense, urbanization can be defined as a process whereby population tends to agglomerate in clusters of more than a certain designated size. This size itself may be set at several "significant" but, nonetheless, arbitrary levels. While size has not been the sole criterion for demarcation of urbanization, it has been the most widely accepted and the single most important criterion among several used. The minimum population

requirement for urban demarcation has varied from 5,000 persons in India to 3,500 in the United Kingdom, 2,500 in the United States, 2,000 in France, 2,000 in the People's Republic of China and 1,000 in the USSR.[1/2/]

Alongside with size, demographic density has been used to determine urban areas. Thus in India, in several provinces a density of not less than a specified level, say one thousand inhabitants to the square mile, has been laid down.[3/]

Besides size and density, legal and administrative, economic and social criteria, singly or in combination, are being used to identify urban areas. Behind such definitions is the isolation of specific functional characteristics of urban areas.

It is well known that many urban areas especially in pre-industrial countries served or have served at one stage or another administrative or military functions. Thus, in many countries the existence of an administrative office has been one of the important and convenient criteria for an area to be classified as urban. In mainland China, for instance, places where the people's committee above the hsien (county) or banner level is located are included in urban areas. Also in several countries, especially those with a colonial history, "urbanism" has been bestowed, in the sense that it meant recognition of a population settlement as constituting a unit for local-self government. In Ceylon, and in Malaya and British Borneo, among others, urban areas are those which are designated as such, either statutorily or by executive decree.[4/]

Then there is a concept of urbanization which essentially hinges on the economic character of the working force in urban areas. Areas with a major portion of their working force engaged in non-agricultural occupations would be designated as urban. Thus, in mainland China, according to the latest regulations on the subject, urban areas include places having a resident population of /2,000 or

---

1/ United Nations: Demographic Year Book, 1955, and Hsin Hua Monthly (in Chinese) (Peking), No.3, 1956, pp 7-8.

2/ Definitions used in distinguishing urban from rural areas are briefly indicated for several Asian countries in the footnote to table 1. /

3/ Census of India, 1951: Vol.I, India, Part I-A Report, p 45.

4/ As much as "urbanism" can be bestowed from above, it appears that it can also be "acquired" from below; thus, in Burma some normal-size villages are classified as urban, if the local populations regard them as urbanized! (Union of Burma; 1953 Census of Population, Series A, Towns, p vii.

of 2,000 or more, of which 50 per cent or more is non-agricultural; even places with a population of less than 2,000 but more than 1,000 are classified as urban if seventy-five per cent or more of the population is non-agricultural.[1] A similar requirement is laid down in the USSR[2] as well as in West Bengal in India.[3] Underlying such purely economic occupational criteria is the postulate that urbanization and industrial development (in the sense of growth of non-agricultural employment) are associated phenomena. In this context, it is interesting to note that several definitions go further than merely specifying the non-agricultural element of population in urban areas; they have gone in directions emphasizing certain economic functional characteristics of urban areas. Thus, definitions of urban areas employed in India as well as mainland China recognize places of special importance to trade, transport and distribution as coming under urban areas, irrespective of their not fulfilling the minimum requirement of population size.[4] This approach understandably lays stress on the service function of urban areas.[5]

Then there is a definition which emphasizes the social and cultural aspects of urbanism. In one province in India it is reported that the "fundamental criterion is the existence of urban features - which can be judged by the way in which the houses are situated and how they have been built and the availability of urban amenities (such as a bazaar where one could buy one's normal requirements throughout the year, facilities for education, recreation and medical treatment".[6]

Furthermore, there is the problem of classifying the suburban fringes, which have also started figuring in Asia, though generally for reasons other than those associated with formation of urban fringes in advanced countries. Lack of expanding opportunities in the countryside as well as security reasons are pushing

/more and

1/ Hsin Hua Monthly, op.cit., p 45.

2/ Ibid.

3/ Census of India, 1951, op.cit., p 45.

4/ Also in Burma some railway points, though smaller than large villages, are classified as urban. (Union of Burma: op.cit.)

5/ It is likely, as is happening in mainland China, that such areas may be increasing rapidly in the context of accelerated transport and industrial development. These areas (whose population exceeds 1,000) are classified in mainland China as urban type resident areas and also include places with colleges, universities, technical training and research institutions. (Hsin Hua Monthly, op.cit.).

6/ Census of India, 1951, op.cit., p 45.

more and more people to the cities and because of the acute shortage of accommodation in many towns shanty towns cluster around the town limits. These people press for their meagre livelihood on the towns.[1] Again the existence of the urban rural continuum in several parts of Asia, especially in the densely settled parts of China, India and Indonesia, and the hinterland relationship between the towns and the neighbouring countryside pose special problems in a strict demarcation of urban and rural areas. These problems more intimately concern cities than towns, since the former have a clearly "dominating" influence on the surrounding countryside. In recognition of this, in mainland China it appears that any suburban area near to a city and having close relationship, economic and cultural, with the city, would be considered as urban.[2]

The multiplicity of definitions[3] employed for rural-urban demarcation reveal, in Asia as in other parts of the world, essential demographic, economic and social phenomena which appear to be closely associated with urbanism.

Level and Growth of Urbanization in ECAFE Region in Relation to Level of Economic Development

Urbanization has been observed to be generally connected with industrialization, defined as a movement away from employment in agriculture.[4] This correlation holds good spatially as well as temporally in the case histories of practically all developed countries. Yet another feature of the past pattern of urbanization in advanced industrial countries is that the more highly urbanized a country becomes the more its population is concentrated in the bigger agglomerations.[5] Thus, in a sense, comparative levels

/of urbanization,

1/ Census Commissioners of both Malaya and British North Borneo, remark in their respective reports that there have been sizeable clottings around towns and their inclusion in the urban category would substantially raise the percentage of urban population (See Malaya: 1947 Census Report, p 4 and North Borneo: A Report on the Census of Population held in 1951, pp 49-51).

2/ Hsin Hua Monthly, op.cit.

3/ For a list of the main definitions employed in eleven countries of the region see footnote to table 1.

4/ Kingsley Davis and Hilda Hertz in "Urbanization and the Development of Pre-industrial Areas", Economic Development and Cultural Change, Vol.III, No.1, October 1954, p 8, observe: "As of 1950, the (Pearsonian) correlation between degree of industrialization and degree of urbanization, as measured by our indices, was 0.86 taking the countries and territories of the world as our limits."

5/ United Nations, Demographic Year Book, 1952, pp 10-12.

of urbanization, as measured, say, by the proportion of population living in cities of 100,000 or over, reflect comparative levels of industrial development. These observed tendencies appear to emphasize that, in the past at least, there has been a close interaction between the location pattern of industrial, commercial and service activity on the one hand and the distribution of population agglomerations on the other.

The historical growth patterns of urbanization in the relatively old industrial countries such as England, France, the United States and the latecomers in the field, such as Germany and Japan and later on the USSR, differ from one another. The former exhibited a slow but steady urbanization and industrial development whereas the other three achieved in comparatively shorter periods much higher levels of urbanization before achieving comparable levels of industrial development.

International comparison of absolute levels of urbanization as recorded in different national statistics is not possible, in view of the different definitions adopted. It is true that, for rough and ready purposes, such a comparison should not be ruled out as of no value, because of the essential similarity of the definitions employed and the close correlation of the different definitions. However, as has been mentioned earlier, such comparisons need not be insisted upon in view of the observed regularity of the pyramid of cities in different parts of the world. This regularity is found to prevail generally when the chosen size class is fairly big, say, about 100,000 or over.[1/] Table 1 presents such data for capital cities and cities with 100,000 or more inhabitants by country in the ECAFE region, arranged in descending order of number per 1,000 total population. If this measure is used as an index of urbanization it can be said that roughly one in twelve in Asia is a city-dweller as against one in eight in the world as a whole, approximately one in three in North America, and one in five in Europe (including USSR).[2/]

/Table 1

1/ See United Nations, Demographic Year Book, 1952: K. Davis and H. Hertz, op.cit., p 7.

2/ Ibid, p 8.

Table 1

Level of Urbanization of Countries in the ECAFE Region

Country	Year	Population of capitals and cities with 100,000 or more inhabitants, per 1,000 population	Per cent urban, as defined in respective national statistics a/ in total population
Hong Kong	1948	730	..
Singapore	1947	720	80.2
Brunei	1947	260	..
Japan	1947	256	37.5
South Korea	1949	150	19.6
North Korea	1940	80	..
Philippines	1948	75	24.1
Malaya, Federation of	1947	75	26.5
China (incl. Taiwan)	1949-50	70	13.3 b/
India	1951	70	17.3
Sarawak	1947	70	10.8
Ceylon	1946	55	15.4
Pakistan	1951	51	11.4
Thailand	1947	49	9.9 c/
Burma	1941	40	10.4
Nepal	1920	40	..
North Borneo	1951	35	13.4
Indochina, three States of	1936 and 1948	30	..
Indonesia	1930	30	..

Sources: United Nations: Economic Bulletin for Asia and the Far East, Vol.IV, No.1, May 1953, p.4 and Vol.V, No.1, May 1954, pp.60-61; United Nations, Demographic Year Book, 1952 and 1955.

a/ The concept and classification of "Urban" differs from country to country. Below is indicated very briefly the main definitions employed:

Ceylon: Municipalities, Urban Council areas and Local Board areas.

China, mainland (1953 census): An area having a resident population of 2,000 or more, of which 50 per cent or more is non-agricultural (Hsin Hua Monthly (in Chinese), op.cit.

India: Municipalities and towns, i.e., places of 5,000 or more inhabitants, possessing definite urban characteristics. Places with larger population which do not possess the urban characteristics are not treated as towns.

Japan: Municipalities (shi) most of which contain an agglomeration of 30,000 or more inhabitants.

South Korea: Incorporated cities of 40,000 or more inhabitants.

Malaya, Federation of: Towns and villages with 1,000 or more inhabitants.

North Borneo: Towns and villages possessing urban characteristics.

Philippines: Chartered cities and administrative centres of municipalities.

Sarawak: Municipal areas, i.e. the three main towns of Kuching, Sibu and Mori.

Singapore: Singapore municipality and villages with 1,000 or more inhabitants.

Thailand: Places inhabited by 2,500 persons or more.

(Source: United Nations, Demographic Year Book, 1955)

b/ The figure is for mainland China only and is calculated from Hsin Hua Monthly, No.3, 1956, and relates to the 1953 census year.

c/ For year 1931.

Such a degree of urbanization is associated in Asia with a degree of industrialization corresponding to 30 per cent of the labour force engaged in non-agricultural activities. At comparable periods of urbanization levels, the United States (1850's), France (1860's), Germany (1880's) and Canada (1890's) had roughly 55 per cent of their labour force engaged in non-agricultural occupations.[1/]

Thus Asia can be said to be comparatively over-urbanized in relation to its degree of economic development. The pace of urbanization has also been more rapid in the recent experience of countries in the ECAFE region when several factors such as war, civil disturbances, political partition and refugee movement have accentuated the problems of urbanization in the region. Again, till 1950-51 or later the per capita income levels of several countries in the ECAFE region had not yet attained pre-war standards. In this sense urbanization has gone out of step with levels of economic development and several observers have already posed the question as to whether some countries in Asia are not in fact over-urbanized. This symptom of over-urbanization is exhibited in the general lack of secondary and tertiary industries for a number of Asian cities and towns and the large volume of unemployment and marginal employment prevalent in urban areas. It gives a clue to one of the most important features of Asian rural-urban migration, namely the push of people from the countryside to the cities rather than the pull of industrial and other employment opportunities in urban areas. Thus the recent rapid rate of urbanization visible in Asian countries does not bespeak a corresponding growth of industry but a shift of people from low productive agricultural employment to yet another sector marked by low productivity employment, namely handicraft production, retail trading and domestic service in urban areas.[2/]

Japan, with a comparatively high level of industrialization among Asian countries, has exhibited increasing urbanization for several decades in the past. In 1921 its population classified as urban was only 18 per cent. In the inter-war period (1920-1940) Japan experienced a very rapid urbanization

/associated

1/ See United States Historical Statistics, 1789 to 1945, (Washington, D.C.); Colin Clark, Conditions of Economic Progress (Macmillan, 1951); T.O. Wilkinson: "The Pattern of Korean Urban Growth" in Rural Sociology, March 1954, K. Davis and Hilda Hertz, op.cit.

2/ Clapham's statement, that "urbanization is the best general test of industrialization" cannot be said to be strictly applicable to the present stage of economic development of Asian countries.

associated with an equally rapid industrialization. In the thirties (1930-1940) urban population increased at an extraordinary rate of 79 per cent,[1] while the labour force engaged in non-agricultural occupation increased by almost one half. The war and post-war reconstruction decade (1940-1950) brought down the rate of growth of urbanism to 14 per cent, while there is reason to believe that the population engaged in non-agricultural occupations probably declined even absolutely.[2] It should be noted that Japan, even in the period of its rapid industrialization and urbanization, could not absorb in its urban areas any more population than was caused by natural growth, with the result that Japanese farm population was maintained at a stationary level for a long time.[3]

In contrast to Japan, Korea (South) illustrates a case which combines a comparatively high degree of urbanization with an occupational distribution still highly geared to agriculture. As in several Asian countries Korean urban centres have been primarily administrative and distribution centres for an agricultural hinterland. Korean urbanization had been most rapid under Japanese occupation but Korean economic and industrial development began to be substantial only in the thirties; between 1930 and 1940 the labour force engaged in agriculture declined relatively and non-agricultural employment increased very substantially, though the percentage of total male workers engaged in agriculture still stood at about 72 in 1940.[4] The war and post-war period (1940-50) put a serious brake on Korean economic development, but there was a rapid growth of cities based on large influxes of refugees from the over-populated countryside. During this period the rate of growth of Korean urbanism almost doubled and subsequently the Korean war tremendously aggravated the problem. There is a serious imbalance

/between

1/ This rate appears to have been exceeded only by the USSR during the period 1926 to 1939, when its urban population more than doubled.

2/ Economic Bulletin for Asia and the Far East, op.cit., p.5; United Nations, Demographic Year Book, 1955; Colin Clark, op.cit., p.425.

3/ See paper by S. Nojiri, "The limitation of Internal Migration in Japan", World Population Conference, Rome, 1954.

4/ Harold F. Williamson & John A. Buttrick (ed): Economic Development - Principles and Patterns, 1954, pp.454-455.

between the degree of urbanization and the degree of Korean economic development; the relief function of cities had been stretched to a breaking point and it is highly unlikely that immediately ahead South Korea, even given a moderate growth of industrial development, will exhibit any higher rate of urbanization than at present.[1/]

Malaya, too, exhibits a comparatively high rate of urbanization coupled with an essentially primary pattern of industrial occupations. The proportion of the urban component of the population has steadily increased from 22.7 per cent in 1911 to 27.7 in 1921, 29.5 in 1931 and finally to 35.1 in 1947.[2/] This rather high and growing degree of urbanization is in no sense a reflection of any process of industrialization. The pattern of distribution of the working force by industry has just about remained the same between the census years of 1931 and 1947. At both dates primary industry (agriculture, forestry and fishing) absorbed about 55 per cent, secondary industry (including mining) between 11 and 12 per cent and tertiary industries, the remaining one-third.[3/] Rather, in a country like Malaya the level of urbanization appears to be closely associated with the tertiary pattern of its occupational structure. The creation of an export raw material economy, mainly of rubber and tin, with the help of immigrants, meant a growing number of people engaged in the transport, financing and handling of export products and, more important, a heavy dependence of the economy on essential imports whose distribution in turn absorbed the efforts of many in transport and retail trading services. In the case of Singapore the handling of a substantial "entrepot" trade meant the creation of a distribution centre for the surrounding region. Thus the cities in Malaya are mainly commercial, trading and distributing centres whose growth has been largely influenced by the varying fortunes of rubber and tin. More recently, in the post-war

/reconstruction phase,

1/ T.O. Wilkinson, "The Pattern of Korean Urban Growth", Rural Sociology, 1954, p.38.

2/ The inclusion of Singapore, which is primarily an international entrepot centre, exaggerates the degree of urbanization of Malaya.

3/ See Malaya, A report on the 1947 Census of Population (London, 1949).

reconstruction phase, in the emergency period as well as in the post-Korean war raw material boom, the push to the cities has continued unabated while the promise of secondary industrial development has not materialized much, with the result that Malaya urban areas are faced with the problems of acute unemployment, marginal self-employment, over-crowding and housing shortage.

A similar picture of urbanization running far ahead of other indices of economic development is revealed in the recent experience of China: Taiwan. Thus between 1937 and 1953, urban population appears to have nearly doubled and increased at a rate twice as fast as rural population.[1] Besides the high natural increase rate of the population, there has been since 1949 a very large influx of people from the mainland; the effect of these factors has been greatly accentuated by the lack of expanding opportunities in the crowded countryside and consequent migration to the cities.

Among the countries in the region which can be considered as moderately urbanized stand mainland China and India, the two most populous countries in the world. The economy in India, in terms of its occupational structure, has remained static for as long as half a century - the period for which such statistics, whatever their comparability or reliability, are available. In the past urbanization in India developed only slowly and in the thirties increased moderately. During the war and partition periods, it gained momentum and the census of 1951 revealed that one out of six of the population could be considered as urban.[2] Rural-urban migration is undoubtedly the most important kind of internal migration of India.[3] The volume of such rural-urban migration has been estimated at about 10 million, which equals nearly 28 per cent of the natural increase of rural population.[4]

/It is

1/ A.F. Raper et al: Urban and Industrial Taiwan - Crowded and Resourceful. (Foreign Operations Administration, Mutual Security Mission to China and National Taiwan University, Taipeh)

2/ Census of India, op.cit.

3/ Kingsley Davis states "... rural-urban migration constitutes something like 45 per cent of all migration between districts and an even greater share of all migration between provinces". (The Population of India and Pakistan, p.114).

4/ World Population Conference, Rome, 1954: V. Nath, op.cit.

It is difficult to foretell the future trend of urbanization in India. A projection based on the 41 per cent rate of growth experienced during the last decade (1941-51) would indicate that urban areas would draw unto themselves roughly half of the estimated addition to the working force in this decade. However, the Draft Second Five-Year Plan assumes a much lower growth rate - 33 per cent - for the period 1951-61, mainly because the rate of urbanization was unusually high in the last decade on account of war and partition and a smaller rate seems probable "in view of improvements in rural conditions and the emphasis given to the development of a decentralized sector in the economy".[1] Thus a more rational pattern of economic development is expected to correct the imbalance between the level of urbanization on the one hand and growth of the economy on the other.

In mainland China the 1953 census gave a total urban population of about 77 million or 13.3 per cent of the total population of 582.6 million.[2] In view of the lack of statistics, it is difficult to gauge the long-term growth trends of urbanization in mainland China. One estimate places mainland China's city population in 1940 at about 25 million[3] while according to the 1953 census the population of "large and medium" cities alone came to 44 million. Thus it is probable that mainland China's city population has almost doubled in the last thirteen years or so. With the establishment of more normal conditions since 1950, and the restoration and development of industry and commerce, permanent city dwellers in 1953 were estimated to have gone up by forty per cent. Industrial and mining centres have experienced very much larger percentage increases in population.[4] At the same time the continuing pressure of population from the countryside on the already over-crowded cities especially in the coastal areas has increased the non-productive population in big cities, calling for large-scale transfers to the countryside or to new industrial regions.[5]

/Ceylon

1/ India: Draft Second Five-Year Plan, op.cit., p.41.

2/ Hsin Hua Monthly, op.cit.

3/ Chen, Ta, "Factors of urban growth in China", Proceedings of the International Statistical Conference, 1947, Washington, D.C.

4/ Hsin Hua (New China News Agency) despatch from Peking, 2 November 1954.

5/ Kuang Ming Jih Pao, Peking, 29 December 1955.

Ceylon falls in the category of countries with comparatively low levels of urbanization; it has also exhibited a generally stationary trend of urbanization. The level of urbanization (as defined in Ceylon statistics) comes to 15 per cent and cities over 50,000 account for about 7 per cent of its total population. After the penetration and stabilization of a colonial export economy, the country appeared to have reached its limits for urbanization; in fact since 1931, natural increase rather than rural-urban migration seems to have been the most important factor in the growth of cities and urban areas. While between 1921 and 1931 the factor of natural increase accounted for only 10 per cent of the additions to Colombo's population, it became quite significant from 1931 to 1946, and later between 1946 and 1953 its contribution rose to more than 90 per cent. Similarly for all urban areas of Ceylon, growth of population due to rural-urban migration has been slight during the period 1946-1953.[1] As with urbanization, the occupational distribution of Ceylon's working force between agricultural and non-agricultural employment has remained about the same between 1946 and 1953.[2] In view of the importance given to agricultural colonization and development in the various development plans, it is unlikely that the level of either urbanization or non-agricultural employment will depart far from the existing pattern.

Burma, which is also comparatively less urbanized, has experienced, in the post-war period, an accelerated rate of urbanization, due partly to security reasons and partly to the economic pull exerted by urban areas where reconstruction and developmental activity has been heightened. It appears however that since 1953 the rate of rural-urban migration has slowed down.

Types and size of urban units and economic factors making for their growth

Reference has already been made to the fact that, in the more advanced stages of urbanization, concentration of populations in bigger agglomerations tends to be accentuated. In the wake of the growth of such agglomerations,

/a new

1/ United Nations Seminar on Population in Asia and the Far East, Bandung, 1955: National Statement of Ceylon.

2/ In both 1946 and 1953 agriculture accounted for about 52 per cent of the gainfully employed. It may be noted however that strictly speaking the data for the two years may not be comparable in view of the high proportion of the "unclassified" group in the 1953 census.

a new economic pattern based on a centralized and complex pattern of industrial specialization and differentiation emerges with vast hinterlands to support such large agglomerations. This movement of "metropolitanization" has also appeared in several countries of Asia. In fact the distribution of urban population by size of localities in Asia suggests a comparatively greater concentration in big agglomerations,[1] and to some extent in small towns, than in small and medium-size cities. The economic reasons for the emergence of such a pattern are fairly obvious. Commercialization of the peasant economies of Asia began with a few port towns linking vast raw-material producing hinterlands with external markets in industrial countries. Those port or commercial towns gradually drew to themselves whatever processing and servicing activities there were in their regions and in due course developed a differentiated pattern of exchange, distribution and even production of goods and services. Further industrial or commercial development in the country tended only to concentrate in such older agglomerations with the result that a few towns in a country dominated a good part of the national economies.[2] At the other extreme are numerous small and medium towns and large villages, which in a densely populated agrarian society serve as trading and distribution centres of the main agricultural products for the immediately surrounding tributary areas. In both large cities and small towns traditional handicraft manufacturing finds a prominent place.

In recent years in several Asian countries the population of bigger agglomerations has increased much faster than smaller areas. Thus in India cities have been growing very rapidly; between 1941-51 cities absorbed half the increase in urban population.[3] In 1951 the population contained

/in 73 cities

1/ While under-developed countries are predominantly rural in character, they have more people living in cities of 100,000 or over than the industrialized countries. (See Kingsley Davis and Hilda Hertz: op.cit.)

2/ Thus to take a rather extreme example, three-fourths of the industry of Ceylon are concentrated in the Colombo district, mainly in Colombo city. (See Ceylon Census of Industry, 1952) Colombo District has not merely the highest concentration of sales establishments (24 per cent of the total for Ceylon), but has also the highest values of sales (42 per cent) and, of course, highest sales per capita (Ceylon: Census of Merchandizing Services, 1952).

3/ United Nations, World Population Conference, Rome, 1954, Paper by V. Rath, op.cit.

in 73 cities accounted for more than forty per cent of the total urban population. Some of the cities have engulfed the surrounding area and formed huge 'conurbations'. Greater Calcutta, Greater Bombay, Madras, Delhi and Hyderabad contain about 11 million people or almost one half of the city population of India.[1/]

The rapid growth of cities is, of course, accounted for by the considerable volume of rural-urban drift to the big city. This is also indicated by the percentage of immigrants in the population of cities. One writer estimates that in pre-partition India, more than a third of the city population are born outside the city they reside in. In several cities the out-born ratio appears to be higher in the larger city.[2/] Of course, different cities show different rates of immigration[3/] based, for the most part, on their respective drawing power in economic terms.

In China, it appears from the available data that half of the urban population on the mainland is concentrated in large and medium cities, and cities over a million contain nearly one-third of the urban population.[4/] In Taiwan during 1937-53 two of its four largest cities more than doubled in size and the other two trebled. Population increases have been the greatest in the largest cities and generally the larger a city the greater has been its population gain.[5/] Both in Ceylon and Malaya there has been a less pronounced trend in the differential growth of urban areas by size.

/Different types

1/ Census of India, 1951, Part 1-A Report, p.47.

2/ Kingsley Davis: Population of India and Pakistan, op.cit., p.134.

3/ Thus, the per cent "out-born" in Bombay City averaged for the last eight decades around 70 per cent (See P.M. Prabhu: Bombay, A Study on the Social Effects of Urbanization (UNESCO Publication), p.54. Again, the Labour Investigation Committee of the Government of India states in its report (1946), "Using the term immigrant as signifying that the worker belonged to a district other than the one in which his place of employment was situated, it was found that in Delhi 81.71 per cent of the workers were immigrant, the percentage of such workers in Jabbulpore being almost 100. In Lahore, the percentage was 91.2, in Karachi 81.2 and in Tinsukia in Assam 93. Only in Dehri-on-Sone was it found that the percentage of the immigrant workers came to about one-third of the total" (Ibid, pp.69-71).

4/ Hsin Hua Monthly, op.cit., pp.7-8.

5/ A.F. Raper, et al: op.cit., pp.335-336.

Different types of cities have had different rates of growth. Thus, in the case of pre-partition India and Burma, it has been calculated that between 1901 and 1931 the population growth of industrial-commercial towns had been relatively more rapid than capitals and/or military stations, and religious centres.[1] In pre-partition India between 1921-1941, generally the more industrial a city became, the greater had been its rate of growth.[2] A more recent analysis running up to 1951 suggests that in India the most rapidly growing cities were mostly the industrial centres, capitals and non-capitals with important government offices.[3] [4]

To sum up, historically speaking the growth and economic character of urban areas in Asian countries can be conveniently treated in three well defined phases or stages. In the pre-industrial phase when subsistence agriculture predominated and means of transportation were fairly primitive, the number and size of urban areas in the interior were rather limited; several of these areas probably served as administrative, military or religious centres with hardly an economic base. Even at this stage there were probably a few large towns, especially at the confluence of rivers, which besides being marketing and distribution centres for the tributary area, contained considerable specialized but traditional handicraft manufacturing. With the development of international trade, cities began to grow on the sea coast. These gradually became focal points for the collection, storage, handling and distribution of exports and imports. Gradually processing of raw produce, collected from the hinterland,

/was added

1/ Economic Bulletin for Asia and the Far East, Vol.IV, No.I, p.7.

2/ Kingsley Davis: Population of India and Pakistan (Princeton) 1951, p.137.

3/ "Of the 13 cities with population increases of more than 300 per cent, 3 are capitals, 2 non-capitals with important government offices, and 3 industrial centres. Of the cities with population increases between 200 and 300 per cent, 5 are capitals, and 3 industrial centres": (V. Nath, op.cit.).

4/ Unfortunately statistics are not generally available for medium and small towns on a functional economic basis; it is quite likely that these, as in the case of several cities and metropolitan centres, have been growing out of administrative centres, district and state capitals (this was extremely important in the era of administrative consolidation) and railway junctions.

The more recent trends in industrial location consequent on implementation of national development programmes, in India and mainland China especially, are treated in another paper, submitted under item 4 of the agenda of this Seminar and entitled "Economic Development Policies in relation to types, scale and location of industries as a factor likely to influence future urbanization trends".

was added to the activities of these centres. Even in the interior, the gradual development of means of transportation widened the commercial potentialities of transport nodal points. This commercial phase of urbanization can be largely related, as far as Asia is concerned, to the colonial period. It is only recently that one can discern the beginnings of an active industrial development with potentialities for changing the whole conspectus of urbanization. New industrial and mining towns and other specialized single-function towns and cities are slowly making their appearance. In view of the still unhomogeneous and unintegrated character of Asian economies, urban areas with the characteristics of all the three phases - pre-industrial, commercial, and industrial - exist side by side. More often than not older urban centres have come to accumulate added activities based on the new functions. Thus trading, commercial, and transport centres have drawn unto themselves processing, then manufacturing and finally specialized servicing activities, thus experiencing an accelerated process, as well as a concentrated pattern, of urbanization. The rural-urban drift has been mainly to such big agglomerations.

Obviously the pattern of locational distribution of the various types of urban units tends to differ. Thus small commercial centres serving agricultural regions are fairly evenly spread out depending, of course, on the density of population. In fertile plains and river valleys and deltas the landscape is marked by small trading and commercial centres within perhaps 10-20 miles of one another. In the less populous "dry" areas distances from villages to marketing and trading centres are much greater.

Super-imposed on this basic agricultural stratum have been generally the large-size towns, located at transport nodal points or river and road junctions and of course more recently the railway junctions. These and the large port towns on the sea-coast can be termed as "break of bulk" points and serve essentially the function of trans-shipment and distribution of goods between land and water. These centres have also become convenient points of location for processing and light manufacturing industries. The evolution of towns and cities in Asian countries has by and large stopped short at this point.

/With the

With the development of technology and industrial enterprise, however, the active locational factors come to centre around raw material and power sources and/or labour and consumer markets.[1] It is at this stage that a separation occurs between agriculture and industry and within each group between sources of raw materials and markets or "break of bulk" points.[2] But the growth in technology especially in transportation would, logically speaking, undermine such clear-cut separation and possibly make for greater concentration of activities, whenever an optimum pattern of location can be struck in relation to transfer costs, power, labour and raw material requirements. The cumulative power of such urban agglomerations is accentuated also by the concentration of capital and of financial and technical service facilities in such areas.

In under-developed economies it is generally only in the large cities that suitable technical and economic environment is found for the location of industrial establishments, irrespective of their size. Thus both large-scale and small-scale industries tend to locate there to reap the advantages of what are called "urban economies". Even specialized handicraft manufacturing tends to take advantage of such "urban economies".[3]

Economic implications of urbanization for occupational structure and mobility

The chief characteristic distinguishing urban from rural areas is an occupational structure oriented to non-agricultural activities. Both manufacturing and, more so, service industries find a natural habitat in the cities and towns, and this is no less true of urban areas in Asia than in the developed parts of the world.

/This differential

1/ This movement was already becoming important in India in the thirties.

2/ In the USSR the evolution of the pattern of industrial location in the new regions "has generally been from mineral and power resources to heavy industry, and from heavy industry to transport facilities, the growth of towns and the founding of light industries which cater for the consumer". (Maurice Dobb: Soviet Economic Development Since 1917, pp.405-406).

3/ It is noticed that urban centres like Calcutta have a considerable body of small-scale enterprises.

This differential occupational pattern of the working force between rural and urban areas is illustrated in the case of India in table 2.

Table 2

India: Industry-wise distribution of self-supporting persons in rural and urban areas, 1951

	Rural		Urban	
	Million	%	Million	%
Primary industry a/	71.3	84	2.7	15
Secondary industry b/	4.8	6	4.4	24
Tertiary industry c/	9.1	10	11.1	61
Total	85.2	100	18.2	100

Source: Census of India, 1951, Paper No.3 (1953).

a/ Agriculture, forestry, fishing, stock-raising and mining and quarrying

b/ Processing and manufacture.

c/ Construction and utilities; commerce; transport, storage and communications; health, education and public administration; and personal and domestic services.

The overwhelming share of primary industry in rural areas and the preponderant share of tertiary (service) industry in urban areas is clearly indicated. In contrast to the situation in developed countries, urban areas in India have a sizeable agricultural population - more than one-seventh of the self-supporting persons depending on agriculture and other primary occupations. The high figure for secondary industry does not necessarily imply the development of modern factory manufacturing industries. Urban areas in India, as well as several other countries of Asia, have been traditionally centres for handicraft manufacture. Furthermore, urban areas seem to stand out for the predominantly service character (trade, transport, commerce, administrative, professional and personal services) of their occupational structure. More than manufacturing, service industries are typically carried on in areas where consuming population is concentrated; urban areas also provide such services to the surrounding countryside. However, the preponderance of service industries does not, in Asian economies, represent the evolution of these economies from a secondary to a tertiary industrial basis - a movement

/generally thought

generally thought of as constituting economic progress in the long run. Even the marginal employment provided by service industries - especially retail trading and personal services - has been an important factor in the migration of workers from over-crowded agriculture to urban centres.

When we look at absolute figures it is revealed that in India the self-supporting working force in secondary industry is almost evenly divided between urban and rural areas while so far as tertiary industry is concerned, workers in urban areas exceed those in rural areas.

While statistics of occupational distribution of working force broken down by rural and urban categories are not generally available for countries in the ECAFE region, the picture revealed in the Indian figures given above is believed to hold good for much of Asia. Thus in the Federation of Malaya, nearly 62 per cent of the gainfully employed population is engaged in primary industry and roughly 29 per cent in the tertiary group; in Singapore, on the other hand, nearly two-thirds are engaged in tertiary occupations while less than one-tenth is in agriculture. Manufacturing, repairing and construction account for less than one-tenth of the male working force in the Federation while it is one-fifth in Singapore.1/ Similarly, while for Ceylon as a whole, broadly speaking, one-tenth of the gainfully employed is engaged in secondary industry, in Colombo city nearly a sixth is so engaged; the respective proportions for those engaged in trade and commerce and transport appear to be the same, while for purely service occupations (domestic service, public service and professions etc.) the percentage for Colombo is nearly twice the percentage for Ceylon as a whole.2/ The urban-rural occupational differences are also illustrated in the case of China: Taiwan, where a recent survey of urban areas has revealed that while in the rural areas three-fifths of the employed persons are engaged in agriculture as compared with a fifth in the cities and towns surveyed, industry claims one-fifth of the urban working force but only one-tenth of the rural. On the other hand, service occupations engage

/almost

1/ Malaya: Report of the 1947 Population Census, op.cit.

2/ Ceylon, Department of Census and Statistics; Demographic Study of the City of Colombo, 1954; UN Seminar on Population (Bandung 1955): National statement of Ceylon.

almost one-third of the rural population while in the cities and towns, the ratio is as high as three-fifths.[1] In East Pakistan a similar disparity in occupational pattern between urban and rural areas is illustrated by the fact that whereas in East Bengal 85 per cent of the male workers is employed in agriculture, in Greater Dacca city nearly 90 per cent is employed in non-agricultural activities.[2]

In India, the self-supporting workers outside agriculture are almost equally divided between urban and rural areas. Thus urban population which constitutes only one sixth of the total population contains as many non-agriculturists as rural areas, with five-sixths of the total population. Disregarding primary industries, and mining, which are predominantly carried on in rural areas, it can be seen that processing and manufacture is as much, if not slightly more a rural occupation as an urban one. Cottage and handicraft industries predominate in rural areas, while probably virtually all factory industry is concentrated in urban areas. Service industries, on the other hand, are clearly more of an urban occupation than a rural one, both absolutely as well as relatively.

In the processing and manufacturing group, tobacco, textiles, wearing apparel (except foot-wear), virtually all the metal and chemical group of industries, cement, rubber, furniture and fixtures, paper and paper products and printing and allied industries are predominantly urban oriented.[3] On the other hand, processing and manufacture of grains and pulses, vegetable oil and dairy products and foot-wear, products of petroleum and coal, bricks, tiles and other structural clay products, non-metallic mineral products, and wood and wood products other than furniture and fixtures are predominantly rural oriented.

In the tertiary group of industries, except for construction and utilities as well as personal and domestic services, all the others are predominantly urban oriented. In the construction and utilities group the construction and maintenance of buildings and telegraph and telephone lines, as well as supply of electric power and gas, are urban oriented. In the purely service group,

/more urban than

1/ A.F. Raper: et al Urban and Industrial Taiwan, op.cit., pp.251-252.

2/ Census of Pakistan, 1951.

3/ In the sense that more than half the total self-supporting.

more urban than rural people are employed in domestic services, food catering, recreation services, legal and business services, arts, letters and journalism. In rural areas, on the other hand, correspondingly more people than in urban areas are employed in providing barber and laundry as well as religious, charitable and welfare services. The fields of commerce, transport, storage and communications, as well as health, education and public administration, are all urban oriented occupations.

With regard to occupational status, the working force of urban areas differs markedly from its pattern in rural areas, and within the urban areas themselves the city pattern is different in certain significant respects from the town pattern. In rural areas non-agricultural activities are carried on mainly by independent workers, while in urban areas employees outnumber all other groups. Urban areas contain both proportionately and absolutely more employees, i.e. salary and wage earners, than do rural areas. But even in urban areas self-employed persons (i.e. independent workers) account for a considerable proportion of the urban working force; this indicates the existence of a large number of "own-account" workers carrying on handicrafts, small retail business and other service activities.[1/] Thus in the field of processing and manufacture, independent workers exceed employees in the categories of leather products and foot-wear, wearing apparel and ready made textile goods, and in wood products other than furniture and fixtures. Commercial activities, especially retail trading, are by and large carried on by "independent workers". On the other hand workers in transport, storage and communication as well as, of course, in the health, education and public administration services come, for the most part, under the category of employees.

A particular aspect of urbanization has been its consequences to status and occupational mobility, a factor of special importance in the context of the rigid socio-economic patterns of agrarian Asia. The movement of labour from rural to urban areas is of course in itself an indication of some kind of mobility. Insofar as unskilled or semi-skilled occupations are concerned,

/mobility in

1/ In urban Taiwan, the largest single group appears to be the self-employed followed closely by labourers, each group accounting for almost a third of the total. It should be however noted that if the labourers and the salaried be included in "employees", the employee category may still appear as the most numerous. (A.F. Raper et al op.cit., p.245)

mobility in urban areas is essentially related to better earnings, opportunities and conditions of service and not, as in villages, to rigid tradition occupational and status patterns. But the extent to which mobility - whether horizontal or vertical - is increased by urbanization is itself conditioned by the rate of growth of the economy and it appears that in Asian countries such mobility can be observed markedly perhaps only in the few new and growing industrial and commercial centres. In the other and more prevailing types of urban units, where traditional distributive and handicraft or administrative occupations prevail, such mobility is seriously limited. Thus Poona City, India, which has been surveyed both in the pre-war (1937) and post-war (1954) years, exhibited for a long time a comparatively stationary character of occupational structure.[1] On the other hand, there are cities like Djakarta in Indonesia where marked changes have taken place in the post-war period. Under Dutch and Japanese occupation the proportion of unemployed, street vendors, domestic servants and those engaged in trade accounted for a considerable part of the labour force in the city. The slow but steady recovery in the post-war period and the growing industrial enterprises in the city have led to a more balanced pattern of occupation. Labour in industry and transport has increased considerably and now forms the largest group (44 per cent) in the total. Nearly two-thirds of the people whose present occupation is industry or transport were recruited from other occupations, chiefly agriculture.[2]

/Impact

1/ Even in Poona, whose growth is not based on industrial development, it appears that urbanization has brought about the transformation of unskilled manual workers into other types of skilled and highly skilled workers. (See Sovani and Pradhan: "Occupational Mobility in Poona", Indian Economic Review, August 1955, p.36).

2/ "Urbanization in Djakarta", Economics and Finance in Indonesia, November 1955, pp.707 and 713.

Impact of urbanization on income, levels of living, savings and capital formation

The preoccupation of the urban working force generally with the more productive non-agricultural activities in contrast with the subsistence pattern of agricultural production in rural areas naturally implies a relatively higher money level of income and expenditures in the urban areas.[1] It is of course mainly to this differential in incomes and consumption standards that one has to attribute whatever pull the urban areas exert in drawing rural workers into their fold. There is however only fragmentary statistical data on this question for countries in the ECAFE region.

Thus in India the average monthly consumption expenditure per person has been found to be one-third higher in towns than in villages; and in cities more than double the level of rural areas.[2] Again, remuneration for industrial labourers in towns is generally twice as high as that for rural agricultural labour.[3] In Bombay city, for instance, the average family monthly income is more than four times that of an agricultural labour family in the countryside. In Dacca, East Pakistan, industrial wages are generally double the level of agricultural wages.[4]

1/ Care should be taken however not to exaggerate the gaps in per capita income and consumption levels between rural and urban areas. Several factors are responsible for making the gap smaller than it appears. Part of the gap may be due to differential patterns of income distribution, though conclusive evidence on this point is not available for countries in the ECAFE region. In real terms, the generally higher price level prevailing in urban centres especially for housing accommodation should reduce the gap considerably; neither is it possible to evaluate the money equivalence of all the non-material satisfactions that are associated with residence in rural agreas. Furthermore, there is the question of differential stability of employment and earnings between rural and urban areas; but, in this case, the instability of primary (money) incomes contrasts with the relative stability of urban incomes, and with the growing strength and extension of trade unions to all major occupations in urban areas and the institution of arbitration or other machinery regarding wages, cost of living allowances and other conditions of employment, there is much greater chance of urban incomes being maintained and increased.

2/ Government of India, Ministry of Finance: National Sample Survey, Round Number 3, August-November, 1951, p.10. The figures are inclusive of values imputed to supplies obtained inkind, a factor of considerable importance in rural areas.

3/ Government of India, Ministry of Labour: Agricultural Labour, How They Work and Live (New Delhi, 1954), p.30.

4/ UNESCO: Dacca, Human and Social Impact of Technological Change in East Pakistan (1956), p.115.

/In Ceylon

In Ceylon a number of sample surveys have been conducted in the post-war years, though at different time periods and with different coverages.[1] It is possible to glean from these a few impressions regarding urban-rural differences in levels of living. Ceylon appears to be an exception to the general rule that urban levels of living are significantly higher than rural. Even between Colombo City and other urban centres differences in income levels are rather small; the average monthly income per working class earner in Colombo City is around Rs 94, while in the rest of urban Ceylon it is abour Rs 87.[2] Thus in Ceylon the observed recent reduction in the scale of urban-rural migration and the consequent slow and halting progress of urbanization may be partly attributed to the narrowing gap between rural and urban incomes. However, the fact that such migration still continues unabated emphasizes the lack of employment opportunities in the countryside.

In comparing urban and rural incomes it should be remembered that the dependency burden in urban areas is generally higher than in rural areas. Thus in India, though the self-supporting persons in the working force come to the same percentage - around thirty per cent - in both rural and urban areas, earning dependents are relatively twice as high in rural as in urban areas. The relatively high female participation in agricultural activities in rural areas accounts for this discrepancy. It has been calculated that whereas in rural areas there are on the average nearly one and a half dependents per earner, the figure is about two in the urban areas. Similarly, the dependency burden of city migrant workers,

/who leave

1/ Even the comprehensive Survey of Ceylon's Consumer Finances (May 1953) does not, however, provide data for rural and urban areas separately.

2/ Based on a sample survey of working class families conducted during 1949-50 (Ceylon, Department of Census and Statistics: Demographic Study of the City of Colombo (1954), p.44. It may be interesting to note that according to the Survey of Ceylon's Consumer Finances conducted in May 1953, the average monthly income per earner in Ceylon as a whole came to about Rs 108.

who leave some or all of their dependents in their villages, has been found to be high.[1] The implications of such a high dependency burden are bound to be unfavourable in the long run to worker incentive and productivity.

The analysis of consumer expenditures in several countries has generally revealed a pattern of urban consumer demand diverging from the rural pattern. By and large, such a difference could be probably attributed to the differential income levels between the urban and rural areas. But a part of it is certainly due to the different rural and urban milieus; thus, the varied and diversified socio-economic urban milieu is apt to bring about significant changes in the composition of consumer demand.[2]

The National Sample Survey in India has revealed interesting data on rural and urban consumption patterns. It is found that whereas nearly two-thirds of consumer expenditures went for food items in the villages, the figure is 55 per cent for towns and 46 per cent in cities. Clothing on the other hand accounted for nearly the same proportion in villages, towns and cities. Expenditure on milk and milk products, meat, egg and fish, fruits and refreshments in the food group and on amusements, education, conveyance, services, footwear, rent and taxes in the non-food group, has been found to rise - both absolutely and proportionately - from villages through towns to cities.[3]

/In accordance

1/ Thus in Bombay, a recent survey indicates that there are on the average eight dependents (some of whom may be earning dependents) for every respondent worker. (P. Prabhu, op.cit., pp. 60-70).

2/ In the programming of investment and the setting of individual consumer goods targets in a national plan due account should, therefore, be taken of rural-urban differences in the consumption demand pattern. In arriving at projections for consumption during the plan period, it has now become customary to calculate income elasticities of demand for various commodities for urban and rural areas separately; the projected overall pattern of consumer demand can be estimated after making due allowance for the projected growth of urbanism and for the urban-rural differential in demand pattern.

3/ National Sample Survey Round No.3. August-November 1951, op.cit., pp.10-12.

In accordance with our earlier findings, Ceylon does not however exhibit such decisive and pronounced differences in the consumption pattern of cities, towns and rural areas. The range of variation is small except in the case of housing and probably fuel and light. Special studies have been made in regard to consumption of milk and milk products, which seem to confirm the earlier conclusion that city consumption is not significantly greater than the rural. The import content of consumption has been however observed to be much higher in the big city, due to various technical factors[1] as well as to reasons having to do with consumer preferences. It may be added that the implications of such an import oriented consumption pattern in the big cities, in terms of foreign exchange costs involved, appear to be rather striking.[2]

Another aspect of urbanization is the modernization of urban consumption habits. The recent survey of urban Taiwan discloses that a considerable number of people have electric lights and running water, and sometimes even durable consumer goods like sewing machines and electric irons. This process of modernization has both favourable and unfavourable consequences. A minor point to note is that when once these conveniences enter into the household it is difficult to do without them and they impose a rather rigid attitude towards consumption standards. It has also been found out that certain new but nonetheless "wasteful" habits are acquired by the rural migrants living in urban areas. Thus it is stated, in a recent study of migrant workers in Bombay, that the expenditure on account of the new habits picked up in the city such as smoking,

/theatre,

1/ Under circumstances in which facilities for large-scale pasteurization or refrigeration are not available, the supply of certain perishable consumer goods to large cities has been found to be woefully inadequate, with the result that canned imported goods have found much favour.

2/ Thus Colombo city alone accounted for 40 per cent of Ceylon's imports of malted milk, 15 per cent of imports of infant foods and 33 per cent of import of milk powders. The proportions would of course be much higher for Greater Colombo (See Ceylon, Department of Census and Statistics: Survey of Milk Consumption in the City of Colombo, p.11).

theatre, cinema, tea drinking etc. accounts for a disproportionate share - about one-seventh - of working class budgets, though it should be admitted that "part of it must be useful in affording the necessary relaxation to the city worker".[1] A similar finding is reported from the Dacca city survey where, it appears, the diet of the factory worker is poorer than that of the agriculturist, especially with regard to protein-rich foods such as meat, fish and milk. There also appears to be a shift of expenditure from more essential to less essential foods; consumption of fruit and vegetables is probably reduced while the consumption of tea and tobacco shows a tendency to rise.[2]

In assessing the impact of urbanization on consumer income, expenditure and consequently saving propensities, it should be kept in mind that the relatively high dependency burden and the high cost of living in urban areas as well as the constant pressure exerted by the variety and "richness" of the urban consumption pattern have led to comparatively high levels of consumption expenditures and consequently a narrowing of the saving potential in urban areas. However, in the context of the poverty in urban economies of Asia, it is probably a misnomer to refer to saving potential when, actually speaking, urban working class budgets in several countries of Asia seem to be marked by as much relative indebtedness as the budgets of rural labour.

Thus the recent UNESCO study of migrant workers in Bombay City reveals that on the average the income of a worker's family falls short of its expenditure by about ten per cent.[3] In Ceylon, urban working class budgets

/reveal a much

1/ P. Prabhu, op.cit., p.102.

2/ Dacca: Human and Social Impact of Technological Change (A Study spondored by UNESCO, 1956).

3/ See P. Prabhu, op.cit., p.70. On the other hand, the average debt incurred per indebted agricultural labour family in the State of Bombay (1951) has been estimated by the Agricultural Labour Enquiry at Rs 106 per annum while the average family income of an agricultural labour family came to Rs 368.

reveal a much higher excess of family expenditure over family income. Both for Colombo City and for urban areas as a whole the ratio of average family expenditure to average income was about 122 per cent. The volume of indebtedness has been found to be much higher in Colombo than in other parts of Ceylon.1/

Similarly in Taiwan: China, a recent urban household survey revealed that 56 per cent of the households were indebted. Nearly two-thirds of the indebted households are from the self-employed group. Almost one-half of the indebted households stated that they had to borrow to meet their food expenditures, indicating the near-destitute conditions occurring in certain parts of urban Taiwan.2/ In Singapore, a recent social survey (1953-54) states that "Taking all social strata in the City Area, about whom we have information in the survey, about a fifth of household, containing a fourth of persons, live in poverty as defined in the survey.3/

In this connection mention could be made of a significant consequence of urbanization in several under-developed economies: the urban economy in contrast with the rural is characterized by a relatively high degree of monetization of economic activity.4/ The transition from rural subsistence agriculture to urban differentiated industrial specialization and exchange is thus followed by a spread of the money economy, a factor of considerable

/importance in

1/ See Demographic Study of the City of Colombo, op.cit., p.47. Statistics on pawn broking and money lending indicate a high concentration of indebtedness in Colombo, which accounts for more than one-half of the total volume of money lending and one-fourth of pawn broking advances in Ceylon. (See Ceylon, Department of Census and Statistics: Census of Financial Institutions, 1952).

2/ A.F. Raper, et al, op.cit., p.151.

3/ Colony of Singapore: Urban Incomes and Housing, A Report on the Social Survey of Singapore, 1953-54, p.160.

4/ In India, the National Sample Survey has revealed that almost nine-tenths of consumer expenditure in urban areas are in terms of cash as against less than sixty in rural areas. (Government of India, Ministry of Finance: National Sample Survey Round No. , August-November 1951, p.17)

importance in the economic development of a country.[1] Again the higher level of monetary and credit habits and institutions in urban areas can facilitate the mobilization of urban savings to a greater degree than of rural savings. These favourable effects on saving may however be counterbalanced to some extent by the perhaps lower propensity to save in urban areas.[2] As has been mentioned earlier, urban environment is peculiarly suited to the operation of what Nurkse has termed the demonstration effect. New and "superior" patterns of consumption - often based on imported goods - constantly strike the eye and the purse of the consumer, thus unfavourably affecting levels of voluntray personal saving.[3]

It is not intended in this paper to go into an extended discussion of the urban housing situation which is incredibly acute in practically all Asian countries. Attention can be drawn only to the enormous costs of urbanization on this score and the magnitude of investment that is required if the situation is to be relieved. Thus in India, apart from the quality of housing in urban areas, there has been a severe quantitative shortage of housing. In spite of an accelerated volume of expenditures on urban housing during the first Five-Year Plan, and the still higher urban housing targets proposed in the second Five-Year Plan period, it is stated that roughly speaking the shortage of urban housing in 1961 would be 5.3 million units, that is, twice as much as in 1951.[4]

/To make up

1/ It may be interesting to not that at least during the war and early post-war years of shortage of censumer goods there was some tendency towards demonetization. Urban workers wanted and were given supplies and rations of essential goods. This was at a time when war-time economic activity accelerated urbanization. In several Asian countries the tendency was then to go from cash to commodities. China, during the years of inflation, was an extreme case of flight from money into goods.

2/ That is, at the same levels of income, farm and rural families have been observed - empirically speaking - to save more than non-farm and urban families.

3/ This is obviously an interpretation of the "demonstration" effect in the national as against the international setting presented by Professor Nurkse. (See Ragnar Nurkse: Problems of Capital Formation in Under-developed Countries, Oxford, 1953, pp.63-67).

4/ India, Planning Commission: Draft Second Five-Year Plan (New Delhi, 1956), pp.158-159. The estimate takes account of the expected growth of urban population, i.e. 33 per cent, depreciation on existing houses at the rate of one per cent per annum and replacement of 11 per cent of existing houses.

To make up such an enormous shortage would require the investment of billions of rupees, which clearly is beyond the capacity of governments pressed for investment in directly productive projects. Even mere slum clearance would require a rate of expenditure far higher than is currently spent. The well known bustees of Calcutta (and of other overcrowded big cities) are aptly described even as early as 1868 as "a mass of huts constructed without any plan or arrangements, without roads, without drains, ill-ventilated and never cleaned, abodes of misery, vice and filth and nurseries of sickness and disease". In 1946, the Labour Investigation Committee of the Government of India could still remark "It is deplorable that no appreciable change has taken place in these bustees during the last three quarters of a century.[1]" A recent survey of Bombay housing[2] revealed that only about one-fourth of the buildings in Bombay is in a reasonably good condition while the rest are largely dilapidated and generally over 60 years old. In contrast, the existing rate of replacement has only been 1.5 per cent per annum. The acuteness of urban accommodation has reached such proportions in areas where rural-urban drift has been prominent, that a significant part of city populations sleep and live on pavements. Urban overcrowding is however not peculiar to India, nor to other parts of Asia[3], but is spread all over the world and has been engaging the attention of national and international organizations.[4]

Urbanization requires the creation of general economic and social infrastructure investments. Whether a city is large or small, the development of urban overheads does require real resources in terms of investment in public utilities - electric supply, water supply, sewerage and drainage facilities,

/transport and

1/ See Government of India: Labour Investigation Committee, Main Report, 1946, pp.302-303.

2/ In Bombay it is reported that tenements, on an average, house more than seven persons per room.

3/ In Singapore more than four-fifths of the households occupy one room or one cubicle or less (Colony of Singapore: Urban Incomes and Housing, 1953-54, p.68). A third of the houses in Colombo have only one room (Demographic Study of the City of Colombo, op.cit., p.41).

4/ United Nations: Preliminary World Social Situation (1952) and International Survey of Programmes of Social Development (1955).

transport and comunications - and in community facilities - sanitary units, schools, hospitals, facilities for recreation and amusement - and, perhaps most important of all, in housing accommodation for the huddled population. The financing of this urban overhead development exerts a tremendous drain on scarce capital resources of the community. While population growth in rural areas (as well as intra-rural population movement) does also involve, to some extent, the creation of similar facilities, both the sense of urgency and the sheer magnitude and concentration of costs is clearly different in the two cases.[1] Then again, one has to reckon with the costs of transfer of labour from rural to urban areas. At present these costs are borne by the migrants themselves, that is in effect by that section of the community which is probably not able to bear such costs. Apart from the heavy social and psychological costs involved in the separation of the able-bodies earners from their households, there are real economic costs involved. These include among others the costs of moving from urban to rural areas and from rural to urban occupations. It should be however stated that to a large extent those are costs not of urbanization as such, but of industrialization inducing the process of urbanization; these costs have to be incurred in any programme of development requiring redistribution of labour from existing areas.

Conclusions

Generally three factors have contributed to the growth of urbanization in the ECAFE region: natural growth of population, rural-urban migration and, in a few cases, immigration. Except perhaps in Ceylon and to some extent in Malaya, China: Taiwan and South Korea, rural-urban migration has undoubtedly accounted for an overwhelming share of urban growth in the region. Several economic and non-economic causes have contrived to make the volume of rural-urban migration rather high in the recent period. Of the latter, reference may be made to refugee movements due to wars and civil wars, and general insecurity in the countryside.

/The purely

1/ It bears emphasis to repeat that not all the costs of urban housing and other facilities can be considered as net additional capital burden cast on the community by urbanization. The real (human) costs of poor housing and lack of other facilities are as high in villages as in cities.

The purely economic factors themselves can be conveniently divided into two groups: those making for a push from the countryside and those exerting a pull from the cities.

The "push factor" itself has been operative for a long time in the history of several Asian economies. Under colonial and semi-colonial conditions the densely populated agrarian economies of Asia have remained stagnant for decades, if not centuries. In the absence of alternative occupations, pressure on land has been intensified and at existing levels of techniques, potentialities for agricultural expansion have been practically exhausted. Again, in the feudal and semi-feudal setting of Asia, the pressure on land was such that the power of landlords and money lenders had been greatly multiplied, resulting in oppressive agrarian conditions, which in itself became a good reason for migration to urban areas. Also, consequent on the penetration of cheap imports of manufactures from metropolitan countries, there has been a secular decline in traditional non-agricultural occupations, such as cottage and village industries, leading to considerable unemployment of artisans and handicraftsmen. The growth of indigenous factory manufacturing has only continued the process of impoverishment of these industries. Under these conditions large numbers of village people have been forced to fend for themselves and have naturally tended to swarm around the towns and cities, where at least some marginal employment, especially in retail trading and domestic services, could still be obtained. Thus in contrast to the situation in the earlier stages of industrialization of the developed countries of today, the volume of rural-urban migration is relatively high in countries of Asia[1/] and is not dictated by the avenues of industrial and other productive employment opportunities opened up in the urban areas.

An excessive volume of rural-urban migration and the consequent relative over-urbanization of several countries of Asia may not last for long; an overstraining and breakdown of the relief function of cities may bring it to a halt or, alternatively, accelerated economic development in both urban and

/rural areas

1/ Rural-urban migration can be considered high only with regard to the "carrying" capacity of urban areas but not in relation to agricultural and rural population.

rural areas may restore the equilibrium. In the transition, however, rural under-employment and distress is being replaced by urban unemployment, overcrowding and economic distress. Under such circumstances the role of cities in Asia can hardly be called dynamic, as economic historians of developed countries are wont to do. Several advantages inherent in urban growth have yet to be fully realized in Asian countries.

At various stages of their development urban areas have also exercised a certain pulling force at least upon the rural populations surrounding them. The penetration of the exchange and commercial economy has carried further the process of specialization; urban areas in the interstices of agricultural regions have come to offer limited opportunities of employment to wage earners. The concentration of processing and manufacturing activities in some of the bigger urban units has had a multiplier effect in drawing labour force from the countryside. On top of the primary employment offered by them, they have drawn secondary and tertiary layers of migrants and in view of the increase in, as well as concentration of, local purchasing power, several residentiary (consumer oriented) industries and service activities have become centered in such cities, thus adding to their cumulative growth.

Traditionally the essential motive for the transfer of labour from rural to urban areas has been the higher money wage rate in the cities as compared to the countryside. The higher level of wages is partly illusory to the extent that cost of living is higher, and security of employment probably lower, in towns than in rural areas. As far as can be judged from the limited data available for Asian countries, this wage factor seems to be especially important in countries embarking on ambitious industrial development programmes.

Apart from wage earners, several other strata of rural population are attracted by the "superior" consumption standards prevailing in the cities. This factor is obviously operative in the case of a very limited

number of people such as rural gentry, feudal landowners and absentee landlords. Also - where educational and training institutions exist in towns - they draw a student and apprentice population.

The primary "function" of rural-urban migration has been the supply of labour to urban industries. In Asia, though such migration has not been due to an active pull from urban areas, growth of urbanization as such provides a potential socio-economic setting for the future growth of industrial development. Again, to the extent that urbanization has been economically warranted, to that extent it has facilitated occupational specialization and mobility, widened the scope of production and exchange between rural and urban areas, generally led to a raising of income and levels of living, and relieved the population pressure in overcrowded rural areas.

Urbanization may also have had a stimulating effect on agricultural production. Directly, it has led to a more diversified pattern of agriculture in the area around the cities fruits, vegetables, etc. Indirectly it has emphasized the need for increased agricultural production, if the growing population in cities is to be adequately fed, and if the growing industries in towns are to be supplied with raw materials.

Nascent industry in under-developed countries has benefited greatly from the concentration of purchasing power in cities, from the ready markets and the broadening of consumption patterns and tastes and from the generally high propensity to consume in urban areas. Industrial and commercial enterprises have benefited also from various economies of localization, such as the availability of public utility services, marketing, organizational and distributive channels and services as well as skilled labour and technicians. Even though these facilities are strained a great deal in many of the Asian cities, private industrial and commercial enterprises still tend to be pulled to these cities, for it is only there that such facilities have been available, with the result that cities of great size exert a dominating influence on the economies.

The city besides being an efficient locale for non-agricultural production has been found to increase efficiency in the accumulation of

capital and skills as well as in the dissemination of improved techniques and innovations. Urbanization has probably been instrumental also in bringing about radical changes in economic motivation of peoples formerly embedded in the rigid socio-economic structures as in the stagnant Asian village communities. Attitudes towards work and leisure, money and money making, the bearing and rearing of children, the employer-employee relationship, occupational change and mobility, and innovations in consumption goods and services are bound to be strongly influenced by the growth of urbanism. These attitudes should greatly contribute to the encouragement of a modernistic rational outlook useful for the absorption and dissemination of the industrial ethos and favourable to material progress.

On the debit side, especially in the context of its uncontrolled pattern in Asia, urbanization has imposed rather burdensome costs on the community as a whole - costs which are largely escaped by the private entrepreneur but who, on the other hand, reaps the maximum economies afforded by the urban environment. As has been mentioned earlier, urban growth, if pushed too far, may give rise to serious diseconomies and disabilities to industry and to the community in general. In Asia these diseconomies have already appeared in the big metropolitan centres, with traffic and transport congestion, power-famine and power cuts, breakdowns in sewage disposal and water supply, and overcrowding and slums, etc.

The comparatively excessive volume of migration into urban area has given rise to the serious problem of urban unemployment,[1] which from a political point of view at least has been more disturbing than rural under- and unemployment. Partial and under-employment has also appeared in the urban areas, as is evidenced by the growth of marginal self-employment such as small-scale retailing, peddling, domestic service and cart-pulling and pedicab operating.[2] In view of the comparatively higher participation of females in the labour force of rural areas, and the scope for some kind of marginal

/employment in

1/ In India, for insiance, the magnitude of urban unemployment has been estimated at 8 to 10 per cent of the employable population, that is roughly 2.5 million persons. (India: Draft Second Five-Year Plan, 1956, p.41)

2/ See A.F. Raper, et al op.cit., p.5: In Taiwan, "Altogether this marginal self-employment includes about one-fifth of the males from 15 to 50 years of age in the 17 areas studied."

employment in agriculture, it may be questioned whether migration to overcrowded urban areas has contributed to any better utilization of the labour force.[1] A case can perhaps be made out for the movement of the non-productive city populations, especially in the regions not earmarked for further economic development, to the sparsely populated, rural areas in the interior.[2]

Again, from the point of view of labour supply to urban industry, the essential rural focus of the urban migrant in several countries of Asia has resulted in a rather high turnover of labour force in urban industries. Such high turnover is also partly due to the intolerable living conditions in the big cities.[3] Worker incentives and morale are also affected by the comparatively heavy dependency burden in urban areas.

Urbanization has also been observed to have some unfavourable implications with regard to the consumption pattern, and propensities to consume, save and import of urban populations. These include a probable

/encouragement of

1/ This question is to some extent hypothetical. The choice is between overcrowded urban areas and overcrowded rural countryside.

2/ In mainland China, it has been stated that non-productive population in the big cities has increased to the point of disrupting agricultural production and construction work in rural areas, and adding to difficulties of planned supply of food grains to cities, of maintenance of order in cities and of providing social relief. As a result, several million persons have been mobilized from such cities as Shanghai, Tientsin and Shenyang (Mukden), for return to rural areas. (Kuang Ming Jih Pao, Peking, 29 December 1955).

3/ The big cities of South East Asia have been aptly described by one Asian sociologist as "huge mausoleums....of smoke, dirt and squalor, of overcrowding, of cooly lines and human warehouses. Long hours, low wages, bad housing, woman and child labour, infant mortality, accidents, high rents, poor sanitation, prostitution, gambling, racing, dope dealing, dance halls, cabarets and night clubs were features of all the cities...Cities are dysgenic." (Kewal Motwani in International Social Science Bulletin, Winter 1951, Vol.III, No.4, p.751)

encouragement of the consumption of semi-luxuries often at the expense of necessary goods and services, of consumption generally in view especially of the operation of the "demonstration" effect as against saving, and of imports as against domestic substitutes. The burdensome implications of urbanization for capital formation, namely the heavy investment required in urban social overheads especially housing, may be noted again in this context.

Last but not the least of the adverse effects of the generally unplanned process of urbanization in Asian countries has been the unhealthy concentration of economic, technical, administrative and sometimes cultural activity in the urban areas to the neglect of development of rural areas. This has resulted in a severely unbalanced pattern of economic and other developments and serious disparities in living standards. The gap between rural and urban areas has continuously widened. In view especially of the semi-feudal, colonial and administrative origins of the cities of Asia, urban areas have probably played more of a "parasitic" than a "generative" role vis-à-vis the countryside.[1/] Even the limited extent of industrialization of some Asian countries has only perpetuated and even magnified the disparities by favouring the older urban centres at the expense of the rest of the country.

It is not intended that this essay should end on a pessimistic note. As stated earlier in this section, urbanization has many potent and enduring economic advantages. Several of the unfavourable implications noted above are attributable to the generally unplanned and unbalanced pattern of urbanization that has taken place for various historical reasons in the Asian countries. These latter implications have been stressed here, as several governments of the region are now in the process of taking remedial action.[2/] The recent movements toward accelerated economic and industrial development on a planned basis have already

/started

1/ See Bert F. Hoselitz: . "Generative and parasitic cities", Economic Development and Cultural Change, Vol.III, No.3, April 1955 and Kewal Motwani, op.cit.

2/ As mentioned earlier India expects a relative decline in its rate of urbanization in the near future (Draft Second Five-Year Plan, p.41). In China (mainland) large-scale transfers of population are taking place from relatively over-populated urban regions to the rural interior.

started altering the past pattern of uncontrolled urbanization. It may be reasonable to expect that, in view of the several positive measures to raise the degree of economic development of rural areas as well as to rationalize the process of growth of big cities, there might be a decline in the rate of urbanization in several countries of Asia; there would still be, of course, under this hypothesis, a continuing redistribution of population between the urban areas, as well as between urban and rural areas, but it would be inspired more by economic than other reasons. However, in the long run, as stated in the report of a recent discussion between economists and sociologists from developed and under-developed countries on the problem of urbanization and economic growth, "The growth of population in urban and industrial centres appears to be inevitable if there is economic development, whether by industrialization, by the development of mining, or by the commercialization and improvement of agriculture. If governments desire economic development, they must be prepared to face the consequences and to attempt to mitigate the effects of the concentration of people in restricted built-up areas".1/

1/ International Institute of Differing Civilisations, Record of the XVIIth Meeting Held in Florence (Brussels 1952).